



SAUGERTIES CENTRAL SCHOOL DISTRICT

RESERVES REPORT

November 2020

Reserve for Retirement Contributions

Creation - This reserve was created in October 2016.

Purpose - This reserve is used to pay employer contribution expenses for the NYS Employees' Retirement System. The district's ERS expenses have increased almost 64% since 2010, from \$380,976 in 2010, to \$623,919 in 2020. Costs for 2020-21 are expected to be approximately \$653,222.

Monitoring of Reserve - This reserve is monitored by the School Business Manager.

Funding Level - The current reserve balance at June 30, 2020 equals approximately two years' worth of retirement system billings.

6/30/20 Actual Balance: \$659,996

Funds used as of 10/31/2020: \$0

Recommendation: Restore funds to defray future cost increases and levy fluctuations.



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RESERVES REPORT

November 2020

Reserve for Teachers' Retirement System Contributions

<i>Creation -</i>	This reserve sub-fund was created in June 2020.
<i>Purpose -</i>	This reserve sub-fund is used to pay employer contribution expenses for the NYS Teachers' Retirement System.
<i>Funding Methods -</i>	Funds have been placed in this reserve from excess fund balance.
<i>Use of Reserve -</i>	This reserve is used to pay expenses related to the Teachers' Retirement System and to smooth tax levy fluctuations that result from rate changes and cost increases associated with these expenses. The district's TRS expenses have increased 86.3% since 2010, from \$1,246,337 in 2010, to \$2,321,810 in 2020. Costs for 2020-21 are expected to be approximately \$2,388,918.
<i>Monitoring of Reserve -</i>	This reserve is monitored by the School Business Manager.
<i>Funding Level -</i>	<p>The moneys contributed annually to the Reserve Sub-Fund shall not exceed 2% of the total compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year.</p> <p>The balance of the Reserve Sub-Fund shall not exceed 10% of the total compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year.</p> <p>The initial funding level is calculated to be \$478,678.</p>
6/30/20 Actual Balance:	\$478,678
Funds used as of 10/31/2020:	\$0

Recommendation: Establish reserve at funding levels legally authorized within GML.



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Reserve for Employee Benefits Accrued Liability

- Creation -* This reserve was created prior to 2004.
- Purpose -* This reserve is used to pay for unused accumulated leave time contractually provided to certain groups of employees. This includes payment for unused sick and vacation pay. This fund cannot be used to pay for items such as retirement incentives and retiree health insurance.
- Funding Methods -* Funds have been placed in this reserve from excess fund balance.
- Use of Reserve -* This reserve is used when an employee separates from the District and payment of accumulated leave is required. These transactions flow through the budget via a budget revision with the offsetting revenue coming from a drawdown of this reserve. This reserve will continue to be used in this manner to make these payments.
- Monitoring of Reserve -* This reserve is monitored by the School Business Manager. Each year, an analysis of the liability is computed and is used to support the funding of this reserve.
- Funding Level -* This reserve should be funded at 100% of the accrued liability for unused accumulated leave time.

6/30/20 Actual Balance: \$229,123

Funds used as of 10/31/2020: \$0

Recommendation: Restore funds if necessary to meet liability.



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Reserve for Unemployment

- Creation -* This reserve was created in 2005.
- Purpose -* This reserve is used to reimburse the State for payments made to claimants.
- Funding Methods -* This reserve was funded from excess fund balance.
- Use of Reserve -* The district is self-insured for Unemployment Insurance. This reserve has been appropriated from, each year for the last seven years, equal to the amount of budgeted appropriations for unemployment. Actual expenses for unemployment vary from year to year and only the amount actually expended is transferred from the reserve to the General Fund. The district's costs dropped from \$41,854 in 2010 to \$2,376 in 2020. In response to budgetary demands, the budget for Unemployment Expenses was reduced to \$15,000.
- The current budget will be insufficient to cover future unemployment expenses should there be multiple layoffs, or should unemployment awards increase.
- Monitoring of Reserve-* This reserve will be monitored by the School Business Manager in conjunction with other administrators to assess the potential for incurring unemployment claims.
- Funding Level -* At this time, the current level is deemed appropriate. The 2020-2021 Budget included an appropriation of \$15,000 from this reserve.

6/30/20 Actual Balance: \$75,000

Funds Used as of 10/31/2020: \$0

Recommendation: Maintain current funding level to defray future claims.



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Tax Certiorari Reserve

- Creation -* This reserve was created in 2019.
- Purpose-* This reserve is used to pay judgements and claims in tax certiorari proceedings.
- Funding Method -* This reserve was funded from excess fund balance.
- Use of Reserve -* This reserve can be used to pay judgements and claims in tax certiorari proceedings. The amount in this reserve may not exceed the amount that might reasonably be deemed necessary to meet anticipated tax certiorari judgements and claims.
- Monitoring of Reserve* –This reserve is monitored by the School Business Manager. Funds not expended for judgements and claims in the year deposited must be returned to General Fund on or before the 1st day of the 4th school year after deposit.
- Funding Level -* The Tax Certiorari claims at this time equal \$32,508.37.

6/30/20 Actual Balance: \$32,508.37

Funds Used as of 10/31/2020: \$0

Recommendation: Re-establish if/when a new claim(s) has been filed.



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Capital Reserve

- Creation -* Funding of this reserve up to \$10,000,000 was authorized by the voters on May 2017.
- Purpose -* This reserve is used to pay for future capital improvements.
- Funding Methods -* Funding may come from excess fund balance. Funds placed in this reserve are restricted for use for specific voter-authorized capital improvement projects. At the end of the 2017-18 school year, the district set aside \$395,390 into this reserve.
- Use of Reserve -* Expenditure of funds from this reserve requires pre-approval by the voters.
- Monitoring of Reserve -* This reserve is monitored by the School Business Manager. Detailed records will be maintained to support the amounts in this reserve.
- Funding Level -* This reserve was created with a maximum funding of up to \$10,000,000 plus interest for ten years. A maximum of \$10,000,000 plus interest remains for future funding.

6/30/20 Actual Balance: \$395,390

Funds Used as of 10/31/2020: \$0

Recommendation: Fund up to allowable limits from available funds each year end.



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The following items are not reserve accounts, but are equally as important to planning revenues for the District.

Unassigned Fund Balance

- Creation -* Retention of these funds are allowed by law.
- Purpose -* These funds are unrestricted and may be used for any valid purpose.
- Funding Methods –* These funds have been accumulated from excess fund balance.
- Use of Funds -* It is recommended that these funds not be used except for an emergent, unanticipated expense or revenue shortfall that cannot be handled either in the budget or with other available reserves.
- Monitoring of Balance –* These funds are monitored by the School Business Manager.
- Funding Level -* The maximum legal limit is recommended (4% of ensuing budget).

6/30/20 Actual Balance: \$4,287,821



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Assigned Fund Balance – Appropriated for Subsequent Years

Creation – These funds are those funds in available fund balance which have been set aside for a particular purpose, namely to reduce the tax levy required to support an ensuing year's budget.

Purpose - These funds are set aside and returned to the community by lowering the required tax levy to support the district's budget and maintain programming.

Funding Methods - These funds are assigned from fund balance to offset the next year's tax levy.

Use of Funds - It is recommended that the practice of returning these funds be reduced as much as possible, as budgets permit. As we develop tighter budgets, the amount of excess funds that will be available at year-end is restricted. This makes it more difficult to guarantee that funds will be available to be returned in a subsequent year.

Monitoring of Balance- The balance and use of these funds are monitored by the School Business Manager.

Funding Level – It is recommended that the planned amount of assigned fund balance included as a revenue source in future budgets be limited or \$0 when possible.

6/30/20 Actual Balance: \$1,785,303

Recommendation: Continue to reduce the Appropriated Fund Balance in future budgets by reducing the budget when possible and applying new and increased revenues. Only appropriate an amount equal to or less than the total budget for equipment and other one-time expenditures.